

Kentucky Agricultural Finance Corporation

Minutes of the July 19, 2013 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, July 19, 2013 at 9:05 a.m. CDT at the Carter Caves State Park Resort, Olive Hill, KY. Commissioner Comer, presiding, called the meeting to order.

Notification of Press

Commissioner Comer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

Members Present

Commissioner Comer, Westy Adams, Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Tom Midkiff (designee for Secretary Flanery), Joel Oney, Frank Penn

Members Absent

George Begley

Kentucky Agricultural Development Board (KADB) Members Present – Dr. Betty Bailey, Roy Collins, Karen Curtis, Don Goodin, Pat Henderson, Sam Lawson, Wayne Mattingly, Sam Moore, Troy Rankin, Jim Sidebottom, Dean Scott Smith

Staff – Roger Thomas, Angela Blank, Biff Baker, Tammy Brookshier, Sandra Gardner, Cyndi Hall, Bill Hearn, Angie Justice, Brian Murphy, Bill McCloskey, Joel Neaveill, Kylee Palmer, Teresa Spreitzer, Bryan Thomas

Guests – Warren Beeler, Kristan Branscum, and Cory Bridges, Kentucky Department of Agriculture (KDA); John McCauley, USDA Farm Service Agency; Duane Kenney, Farm Credit Mid-America (FCMA); Tim Woods, Kentucky University Department of Agriculture; Terry Minton, Solidagex, Inc.; Jean Marie Lawson

Review and Approval of Minutes

Westy Adams moved to approve the minutes of the June 7, 2013 meeting of the KAFC Board of Directors; Doug Lawson seconded the motion. *The motion passed without dissent.*

Reports

Executive Directors' Report

Commissioner Comer thanked the Kentucky Agricultural Development Board (KADB) members and the KAFC Board members for their support of the Kentucky Proud program.

Commissioner Comer called on Roger Thomas to give the Executive Directors Report.

Mr. Thomas reported to the board regarding various meetings/events held and attended since the last board meeting.

Director of Financial Services Report

Commissioner Comer called on Bill McCloskey to give the Director of Financial Services Report.

KAFC Statement of Financial Position	
ASSETS (as of 06/30/2013):	
Interest Earned from Loans	\$ 3,677,980
Interest Earned from State Investment Commission	1,099,013
Funds Transferred to Acct 2803	(3,000,000)
Interest Fund (2802 Acct.)	1,776,992
Principal/Loan Fund (2803 Acct.)	3,396,543
Loan Funds Disbursed	32,315,614
KADB Approved Loans not Transferred	
Authorized, unissued	2,000,000
Total Assets	\$39,489,150

Wayne Hunt moved to approve the financial report; Joel Oney seconded the motion. *The motion passed without dissent.*

Mr. McCloskey called on Mr. Lawson to report on the Loan Review Committee meeting. The Loan Review Committee recommended that the Governor's Office of Agricultural Policy (GOAP) staff formally request the \$2M that is authorized, but unissued.

Mr. Oney moved to approve the Loan Review Committee recommendation; Mr. Adams seconded the motion. *The motion passed without dissent.*

Mr. McCloskey called on Kenny Burdine to report on the Operations Committee meeting. The Operations Committee recommended making changes to the financial report. Staff will bring an alternative report to the next meeting that includes a way to capture underperforming loans. They further recommended that the Operations Committee be advised of past due loans and report as they see fit to the KAFC board.

Mr. Adams moved to approve the Operations Committee recommendation; Mr. Lawson seconded the motion. *The motion passed without dissent.*

New Business

The following applications were received between May 18, 2013 and July 3, 2013.

Agricultural Infrastructure Loan Program - Discussion and Action

AF13-0032 Anderson, Kenneth and Anderson, Raymond / Anderson Brothers – Applicants requested \$20,500 for the construction of a tobacco barn in Clark County. Farm Credit Mid-America in Richmond is the participating lender. This loan was approved by staff (05/31/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0035 Henning, Charles and Robin– Applicants requested \$45,000 for the purchase of two (2) tobacco barns on 21.42 acres in Breckinridge County. Cecilian Bank in Hardinsburg is the participating lender. This loan was approved by staff (07/03/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

AF13-0041 Owens, Garnett and Kathy – Applicants requested \$43,164 for the installation of solar panels in Warren County. Farm Credit Mid-America in Bowling Green is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0041, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

Beginning Farmer Loan Program - Discussion and Action

AF13-0036 Yoder, Marvin – Applicant requested \$83,105 for the purchase of 108 acres with cattle barn and fencing in Harrison County. Farm Credit Mid-America in Lexington is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve AF13-0036, based on staff's recommendation, pending fund availability;** Frank McAninch seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

AF13-0037 Yoder, Marvin – Applicant requested \$22,500 for the purchase of 30 Bred Cows and/or Cow-Calf pairs in Harrison County. Farm Credit Mid-America in Lexington is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve AF13-0037, based on staff's recommendation, pending fund availability;** Frank Penn seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

AF13-0038 Albin, David and Kristine – Applicants requested \$19,000 for the purchase of 38.862 acres in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Mr. Adams moved to approve AF13-0038, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

AF13-0039 Riley, Bradley – Applicant requested \$70,000 for the purchase of a 1998 John Deere MFWA Tractor in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF13-0039, based on staff's recommendation, pending fund availability;** Mr. Adams seconded the motion. *The motion passed without dissent.*

AF13-0040 **Sadler, Seth and Shelly / SandS Farm** – Applicants requested \$178,890 for the purchase of 116.5 acres in Nicholas County. Farm Credit Mid-America in Maysville is the participating lender. Staff recommended loan approval. **Mr. Adams moved to approve AF13-0040, based on staff's recommendation, pending fund availability;** Larry Jagers seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

New Agricultural Enterprise Loan Program - Discussion and Action

AF13-0033 **Vickers, John "Russ"** – Applicants requested \$250,000 for the construction of three (3) FarBest Turkey houses, a shop and a litter shed in McLean County. Sacramento Deposit Bank in Sacramento is the participating lender. Staff recommended loan approval contingent on loan-to-value no worse than 80%. **Dr. Burdine moved to approve AF13-0033, based on staff's recommendation, pending fund availability;** Mr. Penn seconded the motion. *The motion passed without dissent.*

AF13-0034 **Thompson, Patrick; Thompson, Phillip; and Thompson, Joseph / PPJ Thompson Farms** – Applicants requested \$250,000 for the construction of three (3) FarBest Turkey houses, a shop and a litter shed in Daviess County. Farm Credit Mid-America in Owensboro is the participating lender. Staff recommended loan approval contingent on loan-to-value not worse than 80%. **Mr. Adams moved to approve AF13-0034, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

Old Business

New Agricultural Enterprise Loan Program - Discussion and Action

AF13-0031 **Sandefur, Tyson** – Applicant requested \$250,000 for the three (3) FarBest Turkey houses, a shop and a litter shed in Ohio County. Farm Credit Mid-America in Owensboro is the participating lender. Staff recommended loan approval. **Mr. Lawson moved to approve AF13-0031, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

Withdrawal – No Action Necessary

AF13-0025 **Smith, Brian and Brandye** – pending.

Extension Request – No Action Necessary

AF12-0012 **Hardin, Todd (Marion)** – Approved by Committee

Paid in Full – No Action Necessary

AF08-0089 **Chandler, Lloyd**


Closing Remarks

The next meeting of the KAFC Board will be Friday, September 6, 2013 at Pilgrim's Pride Corporation, Mayfield, KY. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

Mr. Adams moved to adjourn; Mr. Penn seconded the motion. *The motion passed without dissent.* The meeting adjourned at **9:54** p.m. EDT.

APPROVED: 9-6-2013

PRESIDING OFFICER: 
James Comer

SECRETARY: 
Cyndi Hall